

Message Text

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67

ACTION SS-30

INFO OCT-01 ISO-00 /031 W

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R 221535Z MAR 74

FM AMEMBASSY LUSAKA

TO AMEMBASSY DAR ES SALAAM

INFO SECSTATE WASHDC 9919

C O N F I D E N T I A L LUSAKA 0510

EXDIS

EO 11652: GDS

TAGS: ETRD, ETRN, TZ, ZA

SUBJECT: TAW AND MOVEMENT OF ZAMBIAN GOODS
THRU TANZANIA

REF: DAR 887

1. APPRECIATE REPORT REFTEL WHICH INDICATES HERETOFORE
RATHER CLOSELY HELD NEWS OF TAW TROUBLES SPREADING AND
WHICH, IN ESSENCE, CORRECT EXCEPT THAT DEFINITIVENESS OF
TAW CONTRACT TERMINATION MOMENTARILY NOT SO CLEAR AS BENDIX
PUTS IT.

2. FOR YOUR BACKGROUND INFO ONLY, TAW DID RECEIVE LETTER
FROM GRZ DATED FEB 19 STATING CONTRACT CANCELLED DUE FAILURE
MEET TRUCK DELIVERY DATE AND GRZ ABSOLVED OF "FUTURE"
OBLIGATIONS TO TAW. AT TAW/GRZ MEETING MARCH 19, HOWEVER,
THERE WERE, ACCORDING TO TAW, VAGUE REFERENCES ON ZAMBIAN
SIDE NEAR END OF DISCUSSION TO "SUSPENSION" OF CONTRACT
PENDING "RENEGOTIATION." FOLLOWING DAY, IN ONLY
PRESS ACCOUNT OF PROBLEM TO DATE, GOVERNMENT-OWNED
DAILY MAIL ARTICLE MADE NO MENTION OF CANCELLATION AND REF-
REFERRED ONLY TO "SUSPENSION" OF CONTRACT. TAW'S 62 ALREADY
DELIVERED TRUCKS HAVE NOT OPERATED SINCE FEB 19 AND SHIPMENT
OF OVER 100 TRACTORS AND TRAILERS FROM BALTIMORE WAS STOPPED
AT LAST MINUTE PENDING CLARIFICATION OF SITUATION. TAW HAS
STATED MARCH 28 AS DEADLINE FIXED BY ITS SUPPLIERS FOR
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REINSTATEMENT OF CONTRACT (WITH SUBSTANTIAL DAMAGES ARISING

FROM CANCELLATION LETTER). AFTER THAT TIME, ACCORDING TAW, RESORT TO ARBITRATION PROCEDURES WILL BE AUTOMATIC AND GRZ WOULD END UP HAVING PAY VERY LARGE BILL FOR DAMAGES. TAW REPS HERE APPARENTLY BELIEVE THERE REASONABLE CHANCE OF CONTRACT REINSTATEMENT BY MARCH 28. NEEDLESS TO SAY, THIS IS HIGHLY SENSITIVE MATTER WHICH EMBASSY TREATING IN LOW PROFILE AS PRIMARILY COMMERCIAL DISPUTE BETWEEN TAW AND GRZ.

3. RE PARA 2 REFTTEL, PURPOSE OF MINISTERIAL VISIT UNCLEAR. DELEGATION MADE UP OF MIN PLANNING AND FINANCE CHIKWANDA, MIN MINES AND INDUSTRY KASHITA, MIN HOME AFFAIRS MILNER, MIN HEALTH BULL, AND MIN POWER, TRANSPORT AND WORKS SOKO LEFT HERE FOR DAR MARCH 20. (UNDERSTAND MIN JUSTICE SILUNGWE AND SENIOR MIN COMMERCE UNDER SECRETARY KALINDA ALSO IN DAR.) KASHITA TOLD AMBASSADOR AT AIRPORT HE AND MILNER TO WORK ON PROBLEM OF CARGO BACKLOG IN DAR WHILE OTHER THREE ENGAGED IN PERIODIC BILATERAL DISCUSSIONS WITH TANZANIANS. ACCORDING PRESS HERE MARCH 21, DELEGATION TO DISCUSS "EXPORT AND IMPORT MATTERS AT DAR ES SALAAM HARBOR" AND "TANZANIA-ZAMBIA RAILWAY WHICH IS NEARING COMPLETION."

4. RE RAILWAY TALKS, THOUGH IDEA CONSIDERED UNFEASIBLE BY OTHERS, WE TOLD BY WELL-PLACED EXPATRIATE GRZ ADVISOR THAT, BEGINNING THIS MONTH, TANZAM RAILWAY TO BE USED TO TRANSPORT CARGO FROM DAR PORT TO MWENZO JUST INSIDE ZAMBIAN FRONTIER. AIM IS TO UNCLOG DAR AND MOVE 15,000 - 20,000 TONS NONDUTIABLE CARGO PER MONTH BY THIS MEANS. CONCEIVABLE THIS POSSIBILITY ONE OF MATTERS DISCUSSED DURING KAUNDA CHINA VISIT LAST MONTH. TIMING OF TAW CONTRACT "CANCELLATION" DAY BEFORE KAUNDA DEPARTURE FOR CHINA PERHAPS RELATED MOVE TO SHOW CHINESE SERIOUSNESS OF ZAMBIAN INTENTION TO USE RAILROAD. TO DATE THERE NO PUBLIC MENTION OF POSSIBLE USE OF RAILWAY AT THIS TIME.
NELSON

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